GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4051
ANSWERED ON:03.05.2007
OPENING OF CNG STATIONS
Pandey Dr. Laxminarayan;Tripathi Shri Chandramani

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether some State Governments are opening CNG fuel stations without permission from the Union Government;

(b) if so, the details thereof;

(c) whether State Governments have the right to set up their own CNG stations;

(d) if not, whether the Government is contemplating to prepare a gas distribution policy;

(e) if so, the complete details thereof;

(f) whether the Government has sought suggestions from the State Governments while preparing the policy; and (g) if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS(SHRI DINSHA PATEL)

(a) & (b): Yes, Sir. Some State Governments, namely, Gujarat. Haryana, UP and Rajasthan have authorized setting up of City Gas Distribution projects or have initiated action for the same. Government of Gujarat has granted licences for laying CNG network in the cities of Ahmedabad and Gandhinagar. Government of Uttar Pradesh, through UPSIDC, has issued No Objection Certificates for implementation of city gas distribution projects in Lucknow, NOIDA, Moradabad and Ghaziabad. Similarly, Government of Haryana has granted No Objection Certificate for city gas distribution projects in Faridabad and Gurgaon. Government of Rajasthan has invited Expression of Interest for gas distribution in the state.

(c): The Hon`ble Supreme Court in its order given in advisory jurisdiction on 25th March, 2004 in the Special Reference No. 1/2001 has opined that natural gas, including Liquefied Natural Gas, is a Union subject covered under Entry 53 of the Union List. Accordingly, the Union has exclusive legislative competence to enact laws on natural gas. The states have no legislative competence to make laws on the subject of natural gas.Under Article 73 of the Constitution, the executive power of the Union extends to those matters, with respect to which Parliament has the power to make laws. In the light of the same, state Governments have no power to authorize setting up of CNG filling stations.Further, the Government has notified, the Petroleum and Natural Gas Regulatory Board Act, 2006, on April 3, 2006, which envisages this Board`s authorization to entities to lay, build, operate or expand city or local natural gas distribution networks. Accordingly,the Petroleum and Natural Gas Regulatory Board has to issue authorizations for city gas distribution projects,

(d) to (g): Yes, Sir. The Government of India, in consultation with all stakeholders, has notified the Policy for development of Natural Gas Pipelines and City or Local Natural Gas Distribution Networks`. The broad objectives of the policy are :-

1) To facilitate open access for all players to the pipeline network on a non-discriminatory basis.
2) To promote competition among entities thereby avoiding any abuse of the dominant position by any entity.
3) To secure the consumer interest in terms of gas availability and reasonable tariff.

Providing of CNG facilities depends upon availability of gas, setting up of necessary infrastructure and economic viability.